

# Connecticut Tax News

quarterly

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## SPECIAL ISSUE: LEGISLATIVE SUMMARY

A PUBLICATION OF THE CONNECTICUT DEPARTMENT OF REVENUE SERVICES

### From The Commissioner *Gene Gavin*

#### Gavin Responds to Finance Committee as DRS Implements Legislative Changes

DRS has been very active on two fronts this summer in an effort to administer new tax laws and serve our customers. In addition to our normal post-legislative session activities of implementing new legislation and informing taxpayers of new laws, we were recently asked to appear at an "Informational Forum" of the Finance, Revenue and Bonding Committee of the Connecticut General Assembly.

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#### Finance, Revenue and Bonding Informational Forum

On July 10, 2000, I appeared before the Finance, Revenue and Bonding Committee to answer questions concerning three issues: the delayed receipt of some state income tax returns; alleged problems with distributing the \$50 sales tax rebate; and the use of Social Security numbers in tax booklets.

The most pressing issue concerning the Committee was to determine what happened to approximately 46,000 "missing income tax returns",



► **COMMISSIONER**, Page 2

### New Tax Relief On Clothing And Footwear

In 2000 there have been two important statutory changes reducing sales and use taxes on most clothing and footwear.

#### One-Week Exclusion

The General Assembly has provided for an annual one-week period when clothing and footwear costing less than \$300 will not be taxable (2000 Conn. Pub. Acts 170, §15). The week begins on the third Sunday in August and extends through the following Saturday. **This year, the exclusion is in effect from Sunday, August 20, 2000, through Saturday, August 26, 2000.** The items that are clothing or footwear in the exemption for items costing less than \$75 also qualify for the one-week exclusion period. (See *Clothing and Footwear Exemption Increased*, on Page 5)



**Rules for one-week exclusion.** For the exclusion week from August 20, 2000, through August 26, 2000, for items costing less than \$300, retailers should remember these rules:

- The exclusion applies to each item no matter how many items are sold on the same invoice to a customer. However, the exclusion does not apply to any portion of the price of an item that costs \$300 or more. Items normally sold as a unit (such as pairs of shoes or suits) cannot be separated and sold as individual items to qualify for the exclusion.

► **Clothing & Footwear**, Page 5

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### Tax on Computer Services and Software Clarified

The description of taxable computer and data processing services in Conn. Gen. Stat. §12-407(2)(i)(A) is clarified by 2000 Conn. Pub. Acts 174 to include "programming, code writing, modification of existing programs, feasibility studies, and installation and implementation of software programs and systems even where such services are rendered in connection with the development, creation or production of canned or custom software or the license of custom software."

*Canned or prewritten software* is defined as "all software, other than custom software, that is held or existing for general or repeated sale, license or lease. Software initially developed as custom software for in-house use and subsequently sold, licensed or leased to unrelated third parties shall be considered canned or prewritten software."



*Custom software* is defined as "a computer program prepared to the special order of a single customer."

*Canned or prewritten software* is included in the definition of tangible personal property in Conn. Gen. Stat. §12-407(13).

(2000 Conn. Pub. Acts 174, §§71, 72, and 74; 2000 Conn. Pub. Acts 1, §27 (June Spec. Sess.))

which were sent to the DRS as Certified mail from the U.S. Post Office. Revenues included in the delayed returns totaled approximately \$140 million dollars in additional state revenue. This caused the state's 1999-2000 budget surplus to be underreported to the legislature. The delay in processing the returns is estimated to have cost the State about \$250,000 in interest. The Committee wanted to understand the cause of the delay and identify if legislative action was needed to remedy the situation.

William P. Galligan, a manager for the U.S. Postal Service's Connecticut operations, spoke on behalf of the Postal Service. He took full blame, apologized for the processing delays of the tax returns and expressed that it was not the fault of the State. After detailing the events that led to the delay, Mr. Galligan promised the Committee that a repeat of this unfortunate incident would not occur.

I would like to confirm that DRS was in no way to blame for the delays in the processing of the returns held by the U.S. Postal Service. Overall increases in mail and tax returns received during the period in question were significant enough to mask any deficiencies. It was, in fact, DRS personnel who recognized a discrepancy in the amount of certified mail being received and brought it to the attention of postal officials. I have always felt that DRS employees go far beyond expected performance levels and exceed statutory responsibilities in protecting the tax revenues of Connecticut and serving its taxpayers. That DRS personnel discovered this problem confirms my belief in their diligence. It is just this type of performance excellence that has resulted in DRS receiving 13 awards from non-governmental, non-political organizations since 1995. I am extremely proud of our DRS employees, as all taxpayers should be.

The Committee also wanted to know why certain sales tax rebate checks were delayed.

In fact, sales tax rebate checks were successfully mailed to 90% of qualified taxpayers by our target dates. The remaining checks could not be sent because the initial information that we received from the Social Security Administration (SSA) was not usable.

**Commissioner**  
from Page 1

SSA cooperated with DRS to correct the mailing list. However, the new list contained 549,726 names and was larger than expected. Legislative action was needed to appropriate additional funding to complete the rebate program. The remaining checks were sent out on March 8, 2000, approximately one week after the funding was signed into law.

The Committee inquired about the DRS procedures for using Social Security Numbers (SSNs). During the 1999 tax season, the issue of printing taxpayer's SSNs in tax booklets was a hot topic of discussion.

Our resolution for the future is simply and clearly to eliminate all preprinting of SSNs.

### Legislative Changes

This issue of the DRS Tax News provides an overview of the new laws

and revisions that were approved by the 2000 Connecticut General Assembly and signed into law by Governor John G. Rowland. DRS has been busy reviewing legislation, writing pronouncements, and implementing policy changes affected by the new laws.

Administrative pronouncements will provide more information about important upcoming sales and use tax changes, including:

- The first annual "Sales Tax Holiday," the third full week in August (**SN 2000(8)**, *One-Week Sales and Use Tax Exclusion in August for Clothing and Footwear Under \$300*);
- The exemption of sales tax on sales of college textbooks to students (**SN 2000(9)**, *Sales and Use Tax Exemption for College Textbooks*).

As always, I welcome your comments and suggestions on tax policy and practice. Please feel free to write or call me any time. T<sub>N</sub>

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## SALES AND USE TAXES

**Effective May 2, 2000**

### Adriaen's Landing and the Stadium Facility

Conn. Gen. Stat. §12-412(1)(C) is expanded to exempt sales of tangible personal property and services incorporated into or used or consumed in demolition, remediation, or preparation of the Adriaen's Landing and stadium facility (Rentschler Field) sites, and construction of the convention center and the stadium facility and related parking facilities. (2000 Conn. Pub. Acts 140, §22)

**Effective May 26, 2000**

### Motor Vehicle and Vessel Use Tax Exemptions

Amendments to Conn. Gen. Stat. §12-431(a) eliminate the requirement that no gain or loss to the seller be recognized for federal income tax purposes for exempt sales of motor vehicles or vessels in connection with the organization, reorganization, or liquidation of corporations, and exempt sales of motor vehicles in connection with the organization or termination of partnerships or LLCs. (2000 Conn. Pub. Acts 174, §18)

**Effective July 1, 2000**

### Renovation and Repair Services to Residential Property

The phaseout of the tax on paving, painting or staining, wallpapering, roofing, siding, and exterior sheet metal work to other than industrial, commercial, or income-producing real property under Conn. Gen. Stat. §12-407(2)(i)(BB) continues. On and after July 1, 2000, the tax is 2%. On and after July 1, 2001, the services are exempt from tax. (1999 Conn. Pub. Acts 173, §§13 and 15)

### Computer and Data Processing

As part of the phaseout of the tax on computer and data processing services under Conn. Gen. Stat. §12-407(2)(i)(A), the rate is reduced from 3% to 2% on July 1, 2000. (1995 Conn. Pub. Acts 160, §39)

### Child Car Seats

Sales of child car seats are exempt. (2000 Conn. Pub. Acts 170, §6)

### College Textbooks

Sales of college textbooks to full-time and part-time students enrolled at institutions of higher education are exempt, with presentation of valid student identification cards. *College textbooks* means new or used books and workbooks required or recommended for courses.

For more information, see **Special Notice 2000(9)**, *Sales and Use Tax Exemption for College Textbooks*. (2000 Conn. Pub. Acts 170, §6)



### Revenue from Vessel Assessments

Conn. Gen. Stat. §12-416a is expanded to allow the DRS to share with municipalities up to 50% of use tax collected from audit assessments on vessels made under Conn. Gen. Stat. §12-415, in addition to assessments made under §12-416. DRS can now disclose to municipalities information about such taxpayers and their assessments. (2000 Conn. Pub. Acts 174, §14)

### Vending Machine Sales

Sales of any items for 50 cents or less from vending machines are exempt under Conn. Gen. Stat. §12-412(27). (2000 Conn. Pub. Acts 170, §2)

### High MPG Passenger Cars

Sales of passenger cars with U.S. Environmental Protection Agency estimated highway gasoline mileage ratings of at least 50 miles per gallon are exempt until July 1, 2002. (2000 Conn. Pub. Acts 170, §6)

### Professional Employer Organizations

*Sales price* and *gross receipts* in Conn. Gen. Stat. §12-407(8) and (9) now exclude from personnel services taxable under Conn. Gen. Stat. §12-407(2)(i)(C) separately-stated compensation and employee-related expenses paid to or on behalf of work site employees by professional employer organizations under professional employer agreements. A *professional employer agreement* is a contract in which a professional employer organization provides at least 75% of the worksite employees to a service recipient. This legislation is in addition to the existing exclusion for employee expenses in contracts that provide at least 75% of *leased employees*, as defined in I.R.C. §414(n). (2000 Conn. Pub. Acts 170, §§17 and 18)

### Use Tax Credit for Direct Payment Permit Holder

The Commissioner of Higher Education can select a direct payment permit holder under Conn. Gen. Stat. §12-409a for a pilot program. The direct payment permit holder is eligible for a use tax credit of up to two million dollars against its purchases of computer equipment to be used in Connecticut in electronic commerce.

The credit amount must equal the amount of the direct payment permit holder's contributions of cash, property, or services to a Connecticut public or private college or university for electronic commerce instruction projects, including investments in buildings and classrooms, computer equipment, and licenses. The credit may be taken only for completed projects. (2000 Conn. Pub. Acts 170, §21)

See **Sales and Use Taxes, continued**, and  
**Transitional Rules** on Page 6



## CORPORATION TAXES/TAX CREDITS

Applicable to income years beginning on or after January 1, 2000

### Credit For Donating Computers

A credit is available for the donation of new or used computers to a local or regional board of education or a public school. The used computers may not be more than two years old at the time of donation. The amount of the credit shall not exceed fifty percent of the fair market value of the new or used computers at the time of donation. The credit may be applied against any tax due under the provisions of chapters 207 (Insurance Companies, Hospital and Medical Services Corporations Taxes), 208 (Corporation Business Tax), 209 (Air Carriers Tax), 210 (Railroad Companies Tax), 211 (Express, Telegraph or Cable and Community Antenna Television System Companies Tax) or 212 (Utility Companies Tax).

In order to qualify for the credit, an application must be made with DRS. A written agreement, which provides for the acceptance of the computers by the board of education or public school, an acknowledgment that the computers are in good working condition, and a requirement that the business firm install, set up, and provide training to school staff on such computers, must be submitted with the application. The Commissioner of Revenue Services shall review each application and within 30 days following its receipt, approve or disapprove the application in writing. If the proposal is approved, the commissioner shall state the maximum credit allowable to the business firm.

The amount of the credit granted to any business firm shall not exceed \$75,000 annually. The total amount of tax credits allowed to all business firms shall not exceed one million dollars in any one fiscal year. The tax credit may only be used to reduce the taxpayer's tax liability for the year in which the donation is made and shall not be used to reduce such liability to less than zero.

(2000 Conn. Pub. Acts 170 §20)



### Housing Program Contribution Credit

Several changes were made to the Housing Program Contribution Credit. The credit was amended to provide that the contribution shall be **cash**

contributions. It also was amended to remove the restriction that no tax credit shall be granted to any bank, bank and trust company, insurance company, trust company, national bank, savings association, or building and loan association or any other business entity for activities that are a part of its normal course of business. The \$75,000 cap on the tax credit allowed per taxpayer was removed, as was the requirement that the taxpayer must establish that the amount of funds expended for contributions is not less in the year for which the credit is sought than the amount expended in the immediately preceding year.

Finally, any S corporation is eligible to claim the entire credit available under this program.

(Conn. Gen. Stat. § 8-395, as amended by 2000 Conn. Pub. Acts 170 §23 and Conn. Gen. Stat. §12-217(c), as amended by 2000 Conn. Pub. Acts 170 §24)



## GIFT TAX

### Partial Phaseout of the Gift Tax

The Connecticut gift tax will be reduced, in increments, starting with gifts made during 2001, and will ultimately be repealed other than for those donors who make taxable gifts, for Connecticut gift tax purposes, in an amount exceeding \$1 million during a calendar year.

**Taxable gifts**, for Connecticut gift tax purposes, means the total amount of gifts, for Connecticut gift tax purposes, made during a calendar year, less certain deductions (deductions for gifts to charitable organizations or for gifts to a spouse, to the extent those gifts are includible in the total amount of gifts, for Connecticut gift tax purposes). The total amount of gifts, for Connecticut gift tax purposes, may be less than the total amount of gifts, for federal gift tax purposes, if:

- Any gifts made by the donor are not subject to Connecticut gift tax (such as a gift of real or tangible personal property located outside Connecticut);
- The donor is not entitled to the annual exclusion (the first \$10,000 of any gifts to a particular donee during a calendar year) for Connecticut gift tax purposes because all or a portion of the first \$10,000 of any gifts to the donee during the calendar year was not subject to Connecticut gift tax (such as a gift of real property located outside Connecticut); or
- The value of any gift for Connecticut gift tax purposes differs from the value for federal gift tax purposes (such as a gift of farmland, where the donor claims special valuation on *Schedule CT-709 Farmland*).

The deductions allowed, for Connecticut gift tax purposes, from the total amount of gifts may be less than the deductions allowed, for federal gift tax purposes, from the total amount of gifts, if gifts that are not subject to Connecticut gift tax (such as a gift of real or tangible personal property located outside Connecticut) are made to a charitable organization or to a spouse.

For more information, including a **Gift Tax Rate Schedule** through 2006, see **Special Notice 2000(10)**, 2000 Legislation Affecting the Connecticut Gift Tax.

(Conn. Gen. Stat. §12-642(a), as amended by 2000 Conn. Pub. Acts 170, §8)

## INCOME TAX

Clothing & Footwear  
from Page 1

### Waiver of Interest and Penalties

On April 4, 2000, the New York Court of Appeals held the New York City nonresident earnings tax to be unconstitutional. (*City of New York v. State of New York*)

As a result, if:

- Any individual has filed a Connecticut income tax return for the taxable year commencing on or after January 1, 1999, and prior to January 1, 2000, and claimed a credit for the New York City nonresident earnings tax; and
- The individual files an amended Connecticut income tax return to report that the nonresident earnings tax has been refunded; and
- The amount of income tax shown on the amended return, after taking into account the reduction in credit for taxes paid to another jurisdiction, exceeds the income tax that had been paid for the taxable year, then any interest payable under Conn. Gen. Stat. §12-722 or interest and penalty payable under §12-735(a) attributable to such nonresident gross earnings tax shall be waived. This also applies to returns of taxpayers who had been granted an extension of time to file.

Applicable to taxable years commencing on and after January 1, 1999, and prior to January 1, 2000.

### 2000 Property Tax Credit

#### Available Property Tax Credit Increased

For taxable years beginning on or after January 1, 2000, the available property tax credit is increased to \$500.

(1999 Conn. Pub. Acts 173, §2)

### New Check Box May Save Time for Taxpayers and DRS

Beginning with the 2000 taxable year, Connecticut income tax filers will be able to check a box on their returns to authorize the paid preparer who signs a return to work directly with the DRS to correct return processing problems.

The new check box will reduce the correspondence burden on taxpayers by allowing the DRS to resolve processing issues through telephone contact with paid preparers. The new box will not replace a power of attorney and will not let preparers represent or act on behalf of taxpayers. It also will not cover post-processing matters. T<sub>N</sub>

- Cash discounts and coupons of all kinds may be deducted from the original price of an item, and if the reduced price is less than \$300, the item will not be taxable. Rebate amounts, however, may not be deducted from the sales price.
- The addition of shipping and handling charges to an item costing less than \$300 will **not** render the item taxable, even if the shipping and handling charges bring the total price to \$300 or more.
- Items put on layaway during the exclusion week will not be taxable, regardless of when they are picked up, as long as the total cost of the items, including all special layaway charges, will be less than \$300. Items put on layaway before or after the exclusion week are taxable, even if they are picked up during the exclusion week, unless they cost less than \$75.
- Mail order, telephone, and Internet sales also qualify for the exclusion, as long as the order is accepted during the exclusion week and the customer expects immediate shipment.
- Clothing and footwear rentals qualify for the exclusion if the customer takes possession of the items during the exclusion week, even if they are returned after the exclusion week. Rented items picked up before the exclusion week and returned during that week are taxable, unless they cost less than \$75.
- A customer may exchange an item purchased during the exclusion week for less than \$300 for a like item (such as a shirt for a shirt) of a different style, size or color, and the new item will be nontaxable, as long as it, too, costs less than \$300. Such exchanges may be made after the exclusion week. If the new item costs \$300 or more, the customer may not use the refund or credit from the returned item to reduce the price of the new item.

This and other information about the one-week exclusion for clothing or footwear (including rules for monogramming, alterations, rain checks, and custom-made items) are described in more detail in **SN 2000(8)**, *One-Week Sales and Use Tax Exclusion in August for Clothing and Footwear Under \$300*, which is available on the DRS Web site.

### Clothing and Footwear Exemption Increased

The exemption in Conn. Gen. Stat. §12-412(47) for articles of clothing and footwear costing less than \$50 has been **increased** to exempt items costing less than \$75 (2000 Conn. Pub. Acts 170, §3). The exemption increase took effect on July 1, 2000. As before, the exemption applies to most ordinary articles of clothing or footwear. However, it does **not** exempt the following:

- Any special clothing or footwear primarily designed for athletic activity or protective use and which is not normally worn except when used for the athletic activity or protective use for which it was designed; and
- Jewelry, handbags, luggage, umbrellas, wallets, watches, and similar items carried on or about the human body but not worn on the body in the manner characteristic of clothing.

Where applicable, the rules in **SN 2000(8)** also apply to the exemption for clothing under \$75 (for example, the rules about discounts, coupons, shipping and delivery charges, and exchanges). The rules about the timing of formal wear rentals, layaways, and custom orders also apply as transitional rules for the periods prior to and after July 1, 2000, the effective date of the increase in the exemption from items under \$50 to items under \$75. T<sub>N</sub>

## SALES AND USE TAXES, CONTINUED

Effective October 1, 2000

**Prepaid Telephone Calling Service**

The sale of prepaid telephone calling service (including but not limited to calling cards) and the recharge of such service is now a separate taxable service, and is no longer taxable as a telecommunications service. Tax is paid at the retailer's place of business. However, if prepaid telephone calling service is not sold at a retailer's place of business, the sale or recharge is taxable at the customer's shipping address, or if no item is shipped, it is taxable at the customer's billing address or location associated with the customer's mobile telephone number.

*Prepaid telephone calling service* means advance payment for the right to purchase telecommunications service, that enables origination of calls using an access number or code, with a continuous means of knowing the amount of remaining units of prepaid service.

(2000 Conn. Pub. Acts 174, §§1-3)

**Meals at Schools and Health Care Facilities**

The exemption in Conn. Gen. Stat. §12-412(9) for sales of food and meals in student cafeterias, dining halls, and certain other locations is expanded to include sales of candy, confectionery, and nonalcoholic beverages. All sales of these items at schools using prepaid meal plan cards or arrangements are exempt.

The exemption is also expanded to include sales of candy, confectionery,

and beverages to persons in health care facilities. Health care facilities now include assisted living facilities, senior centers, and day care centers, in addition to hospitals, residential care homes, convalescent homes, nursing homes, and rest homes.

(2000 Conn. Pub. Acts 174, §9)

**Motor Vehicle Fuel**

Conn. Gen. Stat. §12-412(15) is amended to clarify that it exempts motor vehicle fuel sold for use in any motor vehicle licensed or required to be licensed to operate on state highways, whether or not the motor vehicle fuels tax under Chapter 221 has been imposed on the fuel. All other fuel on which motor vehicle fuels tax has been paid and not refunded is also exempt from sales and use tax.

(2000 Conn. Pub. Acts 174, §10)

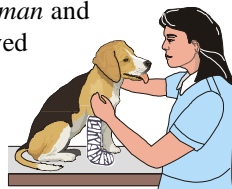
**Nonprescription Drugs and Medicines for Animals**

References to *human* and *person* are removed from Conn. Gen.

Stat. §12-412(48), to clarify that

sales of nonprescription drugs and medicines for animal use are also exempt.

(2000 Conn. Pub. Acts 174, §11)

**Farmer Tax Exemption Permit**

Conn. Gen. Stat. §12-412(63) is expanded to allow start-up farmers to receive exemption permits, if they intend to carry on agricultural production for at least two years, and if their gross income and expenses from farming will be at least \$2,500 in the second year, or an average of

\$2,500 per year for both years. Use tax must be paid on all purchases if these conditions are not met.

(2000 Conn. Pub. Acts 174, §12)

**Commercial Fishermen**

Conn. Gen. Stat. §12-412(40) is expanded to allow start-up fishermen to make exempt purchases of vessels, machinery, and equipment for commercial fishing, if they intend to carry on fishing as a trade or business for at least two years after the purchases, and if at least 50% of their gross income will be from fishing during the first year after the purchase, or an average of 50% of gross income will be from fishing for the two-year period after the purchase. Use tax must be paid on all purchases if these conditions are not met. Fishermen may now use their *taxable year* rather than the calendar year to satisfy their income requirements.

(2000 Conn. Pub. Acts 174, §75)

**Use Tax Exemption for Retailers**

Use tax does not apply to items held for resale that retailers remove from inventory and donate to the United States or its agencies; Connecticut, its political subdivisions or their agencies; or any I.R.C. §501(c)(3) organization.

(2000 Conn. Pub. Acts 174, §13)

**Successor Liability**

Conn. Gen. Stat. §12-424 is amended to clarify that it applies to any *person* (rather than *retailer*) liable for sales or use taxes that sells out its business or stock of goods or quits the business.

(2000 Conn. Pub. Acts 174, §16)

► Sales and Use Taxes, Page 7

**TRANSITIONAL RULES FOR SALES AND USE TAXES**

Charges for services being reduced because of a phaseout of the tax are subject to tax at the higher rate only on the portion of the charges for services provided before the date of the rate reduction. The portion of the charges for services provided on or after the date of the rate reduction is subject to tax at the reduced rate.  $T_N$

**ADMISSIONS AND DUES TAX****Nonresident Contractors**

Conn. Gen. Stat. §12-430(7) is amended to clarify that nonresident contractors must post a bond at the start of the contract, or that persons dealing with such contractors must deduct and pay to DRS a percentage of amounts payable to the contractors or post a bond with DRS within 30 days of the start of the contract. The bond or deduction amount is reduced from 5% to 2% for direct payment permit holders dealing with nonresident contractors.

(2000 Conn. Pub. Acts 174, §17)

**Fulfillment Services**

Retailers will not be engaged in business in Connecticut under Conn. Gen. Stat. §12-407(15) solely because they purchase fulfillment services carried on in this state by persons not affiliated with the retailer.

*Fulfillment services* means receiving orders from a retailer or its agent to be filled and shipped to customers by the fulfillment service provider from the retailer's inventory. *Affiliated* means a direct or indirect ownership interest of more than 5%.

Such fulfillment service providers and retailers are not *principals and agents* for purposes of joint and several liability for taxes under Conn. Gen. Stat. §12-407c.

(2000 Conn. Pub. Acts 227, §1 and 2)



Effective May 2, 2000

**Charges to Stadium Facility Taxable**

The admissions tax exemptions in Conn. Gen. Stat. §12-541 for events conducted by federally exempt organizations, events conducted primarily to raise funds for federally exempt organizations, and events paid for by centers for service to the elderly will **not** apply to admission charges to the stadium facility (Rentschler Field).

(2000 Conn. Pub. Acts 140, §25)

Effective July 1, 2000

**Connecticut Exposition Center**

Admission charges to the Connecticut Exposition Center are exempt.

(2000 Conn. Pub. Acts 170, §16)

**Cabarets**

Admission charges that would have been subject to the cabaret tax under Conn. Gen. Stat. §12-542, repealed in 1999, are exempt from admissions tax. This applies to admission charges to rooms in places where music, dancing privileges, or any other entertainment (with some exceptions) are afforded to patrons in connection with the serving or selling of alcoholic beverages.

(2000 Conn. Pub. Acts 170, §16)

**Reduced Tax Rate on Motion Picture Shows**

The admissions tax rate on motion picture shows is reduced from 10% to 8% on July 1, 2000. On July 1, 2001, the rate will be reduced to 6%. (Motion picture show admission charges of not more than \$5 are fully exempt.)

(2000 Conn. Pub. Acts 170, §16)

Effective October 1, 2000

**Locker Rental Fees**

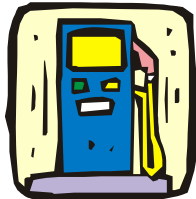
Locker rental fees are not subject to dues tax.

(2000 Conn. Pub. Acts 174, §19)

**MOTOR VEHICLE FUELS TAX****Motor Vehicle Fuels Tax Rate Decrease**

Effective July 1, 2000, the motor vehicle fuels tax rate on the sale or use of:

- Gasoline will decrease from 32¢ per gallon to 25¢ per gallon; and
- Gasohol will decrease from 31¢ per gallon to 24¢ per gallon.



For more information, see **Special Notice 2000(4), 2000 Legislative Changes Affecting the Motor Vehicle Fuels Tax.**

**NO CHANGE IN DIESEL  
FUEL TAX RATE**

The motor vehicle fuels tax rate on diesel fuel does not change on July 1, 2000, and remains at 18¢ per gallon.

(Conn. Gen. Stat. §12-458(a)(2), as amended by 2000 Conn. Pub. Acts 170, §10)

**HOSPITAL GROSS  
EARNINGS TAX****Hospital Gross Earnings Tax Repealed**

With respect to calendar quarters beginning on or after April 1, 2000, the hospital gross earnings, as defined in Conn. Gen. Stat. §12-263a(7), of a hospital shall not be subject to the hospital gross earnings tax imposed under Chapter 211a of the Connecticut General Statutes.

For more information, see **Special Notice 2000(5), 2000 Legislation Affecting the Hospital Gross Earnings Tax.**

**RETURN FOR SUBSEQUENT QUARTER TO BE  
DISREGARDED**

Any hospital receiving **Form OP-369, Hospital Gross Earnings Tax Return**, for the calendar quarter ending on June 30, 2000, should disregard it.

(Conn. Gen. Stat. §12-263b, as amended by 2000 Conn. Pub. Acts 170, §9)



## For Tax Forms, Publications or Personal Assistance

- Visit the DRS Web site: [www.drs.state.ct.us](http://www.drs.state.ct.us)



- Call CONN-TAX at 1-800-382-9463 (in-state) or 1-860-297-5962 (anywhere)

TTY, TDD and Text Telephone users only may transmit inquiries 24 hours a day, seven days a week by calling 860-297-4911.

- Write to: Department of Revenue Services  
Taxpayer Services Division  
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Hartford, CT 06106-5032



Forms and publications may be obtained 24 hours a day, seven days a week, by using any of the following resources.



**Internet:** Preview and download forms from the DRS Web site at [www.drs.state.ct.us](http://www.drs.state.ct.us)

**DRS TaxFax:** Call 860-297-5698 from the handset attached to your fax machine



**E-mail:** E-mail your request for forms to:  
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**Telephone:** From a touch-tone phone 24 hours a day call 1-800-382-9463 (in-state) and select Option 2 or 860-297-4753 (DRS Forms Unit).



For free assistance on forms, visit our offices from 8:00 a.m. to 5:00 p.m. (Monday through Friday). For pre-recorded directions to DRS offices, call CONN-TAX. If you require special accommodations, please advise the Department representative.

### BRIDGEPORT

10 Middle St.  
203-579-6251

### HAMDEN

3074 Whitney Ave.  
203-287-8243

### HARTFORD

25 Sigourney St.  
860-297-5962

### NORWICH

2 Cliff St.  
860-889-2669

### WATERBURY\*

91 Schraffts Dr.  
203-596-4310

\*This office will be moving. To verify the address, please call before you visit.



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This newsletter is designed to provide general information to taxpayers and tax practitioners. It is not designed to explain in depth a current Department policy affecting the liability of taxpayers. Nothing in this publication supersedes, alters, or otherwise changes the provisions of the Connecticut General Statutes, regulations, Department rulings or tax information publications.

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